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THE FOURTEENTH JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD
PARISH OF CALCASIEU, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

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THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Management's Discussion and Analysis

Within this section of the Fourteenth Judicial District Indigent Defender Board's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2004. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets were short of its liabilities by \$(126,270) (net assets) for the fiscal year reported.
- Total revenues of \$1,277,983 were short of total expenses of \$1,349,704, which resulted in a current year loss of \$(71,721), compared to a prior year loss of \$(115,679).
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$7,849 include property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Unrestricted net assets of \$(134,119) represent the portion available to maintain the District's continuing obligations.
- Overall, the District continues to experience recurring operating losses and negative cash flows. The District is continuing to work to improve on this financial position; however, funding sources are limited.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the revenue base, or the condition of District fixed assets in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided to the District.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by tax and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$(126,270). The following table provides a summary of the District's net assets:

Assets:	<u>2004</u>	<u>2003</u>
Current assets	\$ 54,199	\$ 86,281
Capital assets, net	<u>7,849</u>	<u>7,920</u>
Total assets	62,048	94,201
Liabilities:		
Current liabilities	<u>188,318</u>	<u>148,750</u>
Net assets:		
Investment in capital assets	7,849	7,920
Unrestricted	<u>(134,119)</u>	<u>(62,469)</u>
Total net assets	<u>\$ (126,270)</u>	<u>\$ (54,549)</u>

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Management's Discussion and Analysis (Continued)

The District continues to have cash flow concerns. At December 31, 2004 cash balances were \$(4,673).

The following table provides a summary of the District's changes in net assets:

	<u>2004</u>	<u>2003</u>
Revenues	\$ 1,277,983	\$ 1,211,390
Expenses	<u>1,349,704</u>	<u>1,327,069</u>
Change in Net Assets	(71,721)	(115,679)
Beginning Net Assets	<u>(54,549)</u>	<u>61,130</u>
Ending Net Assets	<u>\$ (126,270)</u>	<u>\$ (54,549)</u>

GOVERNMENTAL REVENUES

The District is heavily reliant on court costs to support governmental operations. Court costs provided 72% of the District's total revenues. As a result, the court system has a major impact on the District's revenue stream.

BUDGETARY HIGHLIGHTS

The General Fund – The revenue and expenditures sides of the budget were increased by \$102,109 from the prior year. The primary change in the revenue budget relates to indigent fee revenues. The change in the expenditure budget relates to overall operating expenses.

The actual revenues were short of the final budget by \$86,915 or 6% and the actual expenditures were short of the final budget by \$15,265 or 1%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2004, was \$7,849. See Note B for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Management's Discussion and Analysis (Continued)

	<u>2004</u>	<u>2003</u>
Depreciable assets:		
Equipment	\$ 149,769	\$ 160,772
Less accumulated depreciation	<u>141,920</u>	<u>152,852</u>
Book value-depreciable assets	<u>\$ 7,849</u>	<u>\$ 7,920</u>
Percentage depreciated	<u>95 %</u>	<u>95 %</u>
Book value-all assets	<u>\$ 7,849</u>	<u>\$ 7,920</u>

Long-term debt

At the end of the fiscal year, the District had no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is court costs, the District's court costs revenues are subject to changes in the court system without regard to District operating expenses.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District at 900 Ryan Street, Suite 700, Lake Charles, LA 70601.

Sincerely,

Indigent Defender Board



Sylvia Welborn
Office Manager



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

INDEPENDENT AUDITORS' REPORT

June 16, 2005

Board of Directors
The Fourteenth Judicial District Indigent Defender Board
Lake Charles, Louisiana

We have audited the accompanying basic financial statements of the Fourteenth Judicial District Indigent Defender Board, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Fourteenth Judicial District Indigent Defender Board's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Fourteenth Judicial District Indigent Defender Board as of December 31, 2004 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note G to the financial statement, the District has had recurring losses from operations and has a net assets deficit, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note G. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2005 on our consideration of The Fourteenth Judicial District Indigent Defender Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Page Two

The Management's Discussion and Analysis and the required supplemental information on pages 3 through 7 and page 29, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Gragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Statement of Net Assets

December 31, 2004

ASSETS

Receivable – court costs	\$ 43,639
Capital assets, net	7,849
Rent deposit	<u>10,560</u>
Total assets	62,048

LIABILITIES

Cash - overdrawn	4,673
Accounts payable	133,843
Payroll taxes payable	9,416
Annual leave payable	36,151
Other liabilities	<u>4,235</u>
Total liabilities	<u>188,318</u>

NET ASSETS

Investment in capital assets	7,849
Unrestricted	<u>(134,119)</u>
Total net assets	<u>\$ (126,270)</u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Statement of Activities

Year Ended December 31, 2004

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General government	\$ (1,349,704)	\$ 1,008,593	\$ 269,390	\$ (71,721)
		General Revenues		-
		Change in Net Assets		(71,721)
		Net Assets, beginning		(54,549)
		Net Assets, ending		\$ (126,270)

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

See accompanying notes.

FUND FINANCIAL STATEMENTS

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Balance Sheet -- Governmental Fund

December 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ -	\$ 25,608
Receivables		
Court costs	43,639	50,113
Other assets -- rent deposit	<u>10,560</u>	<u>10,560</u>
TOTAL ASSETS	<u>\$ 54,199</u>	<u>\$ 86,281</u>
 LIABILITIES AND FUND EQUITY		
Liabilities		
Cash -- overdrawn	\$ 4,673	\$ -
Accounts payable	133,843	108,906
Payroll taxes payable	9,416	1,502
Annual leave payable	36,151	33,621
Other liabilities	<u>4,235</u>	<u>4,721</u>
TOTAL LIABILITIES	188,318	148,750
 Fund Equity		
Fund balances		
Unreserved and undesignated	<u>(134,119)</u>	<u>(62,469)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 54,199</u>	<u>\$ 86,281</u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Assets

December 31, 2004

Total fund balance for governmental fund at December 31, 2004	\$ (134,119)
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital assets, net of \$141,920 accumulated depreciation	<u>7,849</u>
Total net assets of governmental activities at December 31, 2004	<u>\$ (126,270)</u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund

Year Ended December 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUES		
Court costs on fines and forfeitures	\$ 917,446	\$ 955,856
Intergovernmental	269,390	241,515
Fees from individuals	31,032	13,413
Interest	-	23
Other income	<u>60,115</u>	<u>583</u>
TOTAL REVENUES	<u>1,277,983</u>	<u>1,211,390</u>
EXPENDITURES		
General Government		
Salaries and related benefits	730,773	645,030
Professional services	340,622	452,158
Litigation support	59,405	8,189
Library	14,699	10,975
Material and supplies	21,014	22,703
Travel	6,130	4,043
Rent	130,920	128,920
Telephone	13,511	11,037
Other operating expenditures	26,856	36,555
Capital outlay	<u>5,703</u>	<u>3,174</u>
TOTAL EXPENDITURES	<u>1,349,633</u>	<u>1,322,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(71,650)	(111,394)
FUND BALANCE - BEGINNING	<u>(62,469)</u>	<u>48,925</u>
FUND BALANCE - ENDING	<u>\$ (134,119)</u>	<u>\$ (62,469)</u>

See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2004

Total net changes in fund balance at December 31, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (71,650)
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The change in net assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 5,703	
Depreciation expense for the year ended December 31, 2004	<u>(5,774)</u>	<u>(71)</u>

Total changes in net assets at December 31, 2004 per Statement of Activities	<u>\$ (71,721)</u>
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See accompanying notes.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fourteenth Judicial District Indigent Defender Board, Parish of Calcasieu, Louisiana (District), is established in compliance with Louisiana Revised Statutes 15:144-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The judicial district encompasses the Parish of Calcasieu, Louisiana.

The Indigent Defender Board is composed of six board members appointed by the judges of the Fourteenth Judicial District Courts. Compensation for services is prohibited and members of the Board were paid no per diem payments or compensation during 2004 by the District for their services on The Fourteenth Judicial District Indigent Defender Board.

The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Fourteenth Judicial District Indigent Defender Board includes all funds, account groups, et cetera, that are within the oversight responsibility of the Fourteenth Judicial District Indigent Defender Board.

As the governing authority, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes Basic to Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Calcasieu Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Calcasieu Parish Police Jury.
2. Organizations for which the Calcasieu Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Calcasieu Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, the Fourteenth Judicial District Indigent Defender Board is a component unit of the Calcasieu Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through court costs, intergovernmental revenues, and other nonexchange revenues.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2004 the District had \$5,850 in deposits (collected bank balances), of which is fully secured from risk by federal deposit insurance.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the district's Board of Directors for review. The board may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Accounts Receivable

No reserve for uncollectible receivables had been recorded as of December 31, 2004, as all receivables were considered collectible.

7. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5-7 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

8. Compensated Absences

All permanent, full-time employees earn from 22 to 42 days of vacation and sick leave each year, depending upon length of service. Leave is available for use by employees in the fiscal year succeeding the year it was earned and, within limits, can be accumulated indefinitely. Upon resignation, termination, or retirement, unused leave is paid to the employee at the employee's current rate of pay.

At December 31, 2004, employees of the District have accumulated \$36,151 in leave privileges, computed in accordance with GASB Statement No. 16.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

NOTE B - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2004 follows:

	<u>Beginning Of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Equipment	\$ 160,772	\$ 5,703	\$ (16,706)	\$ 149,769
Less accumulated depreciation for:				
Equipment	<u>152,852</u>	<u>5,774</u>	<u>(16,706)</u>	<u>141,920</u>
Governmental activities capital assets, net	<u>\$ 7,920</u>	<u>\$ (71)</u>	<u>\$ -</u>	<u>\$ 7,849</u>

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE D - FUND BALANCE - DISTRICT ASSISTANCE FUND

The District has received grant revenue from the Louisiana Indigent Defender Assistance Board (LIDAB) in order to provide supplemental funding for the defense of indigent persons accused of felony crimes. The funds from this grant are restricted to the specific uses as determined by the LIDAB at the time the funds are granted. During 2004, funds expended for defense of indigent persons accused of felony crimes exceeded funds available as shown in the following schedule:

Fund balance at beginning of year restricted for District Assistance Fund	\$ (8,699)
Revenues:	
Grants received	<u>269,390</u>
Total funds available	260,691
Expenditures:	
Salaries and related benefits	210,933
Continuing education	2,734
Rent	<u>63,760</u>
Total expenditures	<u>277,427</u>
Total expended from unreserved undesignated fund balance	\$ <u>(16,736)</u>

NOTE E - PENSION PLAN

Substantially all of the District's employees participate in the federal social security program.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Notes to Basic Financial Statements

December 31, 2004

NOTE F - OPERATING LEASE

The District leases office space from Charleston Business Center, Inc. under an operating lease expiring in March 2005. Minimum future rental payments under the noncancellable operating lease are:

December 31, 2005

\$ 31,680

NOTE G - GOING CONCERN CONSIDERATIONS

During the current and past several years, the District has experienced recurring operating losses and negative cash flows that have resulted in net asset deficit as of December 31, 2004. The District and its management have been aware of and are concerned about the level of statutory funding for the operations of the District. Article 1, Section 13, of the 1974 Constitution of Louisiana provides, in part, the following:

"The legislature shall provide a uniform system of securing and compensating qualified counsel for indigents."

This issue and the concerns of the District have been brought to the attention of the legislators, the judges of the Fourteenth Judicial District Court, the District Attorney, and the Calcasieu Parish Police Jury. The District has proposed several options to increase its funding, including sharing proceeds of the existing parish law enforcement property tax millage or the proposed renewal of this tax so as to provide the District additional funding. Over a year ago, a working group of attorneys, judges, the District Attorney's office, the Police Jury, the Clerk of Court, and general members of the local bar association convened to consider various funding options or alternatives to the current indigent defender system. The District and its management have actively participated in this effort. This working group has met regularly and continue to meet in an attempt to solve the obvious inadequate funding of the District.

REQUIRED SUPPLEMENTAL INFORMATION

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2004

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Court costs on fines and forfeitures	\$ 1,011,550	\$ 917,446	\$ (94,104)
Intergovernmental	225,000	269,390	44,390
Fees from indigents	127,698	31,032	(96,666)
Interest	150	-	(150)
Other income	<u>500</u>	<u>60,115</u>	<u>59,615</u>
TOTAL REVENUES	1,364,898	1,277,983	(86,915)
EXPENDITURES			
General Government			
Salaries and related benefits	655,050	730,773	(75,723)
Professional services	434,150	340,622	93,528
Litigation support	31,950	59,405	(27,455)
Library	9,150	14,699	(5,549)
Materials and supplies	20,550	21,014	(464)
Travel	3,950	6,130	(2,180)
Rent	130,920	130,920	-
Telephone	10,500	13,511	(3,011)
Other operating expenditures	67,478	26,856	40,622
Capital outlay	<u>1,200</u>	<u>5,703</u>	<u>(4,503)</u>
TOTAL EXPENDITURES	<u>1,364,898</u>	<u>1,349,633</u>	<u>15,265</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(71,650)	(71,650)
FUND BALANCE-BEGINNING	<u>(62,469)</u>	<u>(62,469)</u>	<u>-</u>
FUND BALANCE-ENDING	<u>\$ (62,469)</u>	<u>\$ (134,119)</u>	<u>\$ (71,650)</u>

See accompanying notes.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
MELONIE H. HIMEL, C.P.A.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

June 16, 2005

Board of Directors
The Fourteenth Judicial District Indigent Defender Board
Lake Charles, Louisiana

We have audited the financial statements of the Fourteenth Judicial District Indigent Defender Board, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Fourteenth Judicial District Indigent Defender Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and are included in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the

design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.

This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:516, this report is distributed by the Legislative Auditor as a public document.

Gragson, Casiday & Guillory

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Schedule of Findings and Questioned Costs

December 31, 2004

1. Summary of Auditors' Results:

Type of auditors' opinion issued: unqualified, going concern

Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Reportable condition(s) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2004-01:

Budgetary Authority and Control:

Condition: Inadequate budgeting procedures resulted in General Fund Revenues being under budget by 5% or more.

Criteria: Inadequate budgeting procedures.

Effect: Violations of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight

Recommendation: The District should review actual revenues and expenditures on an interim basis and amend the budget when necessary.

Corrective Action Planned: The District agrees with the finding and will implement the recommendations.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Schedule of Findings and Questioned Costs - Continued

December 31, 2004

Finding 2004-02:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Finding 2004-03:

Payment of Employee Withholdings

Condition: The District owes \$3,648 at December 31, 2004 for garnished withholdings from employees that are for a period from July 2004 through December 2004.

Criteria: The District must remit monthly to the appropriate authorities for any employee withholdings that result from garnishment assessments.

Cause: Low level of internal control.

Recommendation: The District should immediately remit any held garnishments and take the necessary steps to implement procedures to ensure monthly remittances of any withheld garnishments.

Corrective Action Planned: Management agrees with the finding. The recommendation will be implemented.

THE FOURTEENTH JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Schedule of Findings and Questioned Costs - Continued

December 31, 2004

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

Finding 2003-01: Noncompliance with budgeting act and Louisiana Revised Statute 39:1309, the 2003 budget was not adopted prior to the beginning of the budget year.

Corrective Actions Taken – no longer applicable

Finding 2003-02: Proper segregation of duties for effective internal controls is not in place.

Corrective Actions Taken – this is a repeat finding in 2004.